

# CycleBoard, Inc.



## ANNUAL REPORT

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<https://cycleboard.com/>

This Annual Report is dated May 8, 2023.

### BUSINESS

CycleBoard designs, develops, manufactures, and sells light personal electric vehicles. Our patented lean-to-steer technology is incredibly intuitive and is designed to appeal to all types of riders, conservative or aggressive. We believe the CycleBoard is one of the only devices on the market with a level of rideability similar to that of a bicycle, thereby appealing to a large segment of the population.

Our unique design creates a clear distinction from competitors providing brand visibility to consumers and an opportunity for investors.

Previous Litigation: Pacific Equity Group previously owned a business in Idaho Falls, Idaho named Press-A-Print International LLC ("PAP"). PAP sold pad printing and screen printing equipment to individuals across the nation. It was a home-based business that offered an opportunity for individuals to own their own business. PAP had a salesforce of over twenty (20) individuals that sold at different trade shows throughout the United States. In 2005, at a trade show in the state of Washington, PAP had its most reputable salesperson run the trade show. An individual from the attorney general's office was in attendance and said that he heard PAP's salesperson make a guarantee that if you bought the system you would make money. Brent Overfelt was the President of PAP at the time and truly believed that the salesperson did not make the alleged guarantee. PAP paid a small fee, but unfortunately, Mr. Overfelt was the President and agent of process and was regrettably labeled with the violation even though he

was not even in the state at the time the violation occurred.

### **Previous Offerings**

Name: Preferred Stock

Type of security sold: Equity

Final amount sold: \$660,000.00

Number of Securities Sold: 660,000

Use of proceeds: Inventory and marketing

Date: April 15, 2018

Offering exemption relied upon: Section 4(a)(2)

Name: Common Stock

Type of security sold: Equity

Final amount sold: \$0.00

Number of Securities Sold: 990,000

Use of proceeds: Founder Issuance upon converting from LLC to C-Corp

Date: April 01, 2019

Offering exemption relied upon: Section 4(a)(2)

### **REGULATORY INFORMATION**

The company has not previously failed to comply with the requirements of Regulation Crowdfunding;

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**

#### **AND RESULTS OF OPERATION**

#### **Operating Results – 2022 Compared to 2021**

Circumstances which led to the performance of financial statements:



The company revenues have decreased from \$3,597,080 in 2021 to \$2,849,429 in 2022. The company attributes the decrease in sales to the recession and a slowdown in consumers purchasing large ticket items.

Cost of goods sold has been negatively impacted by the 2018 Trump tariffs.

Historical results and cash flows:

Since 2015, CycleBoard made heavy investments in product design and engineering, tooling, and testing.

In 2018, CycleBoard solidified its parts and manufacturing relationships.

In 2019 and 2020, CycleBoard invested heavily in inventory to keep up with consumer demand.

In 2021 and 2022, CycleBoard invested heavily into new product design and development and the company has 2 new products which both are expected to be launched in 2023 in an attempt to attract new/different customers to grow sales. The company outlook is promising as management believes that its new products combined with existing products are unique and will appeal to a broader base of potential customers. Management believes the CycleBoard and new products launching in 2023 are unique devices on the market and will appeal to a large segment of the population. CycleBoard's unique designs create a clear distinction from competitors providing brand visibility to consumers.

## **Liquidity and Capital Resources**

At December 31, 2022, the Company had cash of \$179,264.00. [*The Company intends to raise additional funds through an equity financing.*]

### **Debt**

Creditor: HL USA

Amount Owed: \$550,000.00

Interest Rate: 1%/month on Inventory received

On Sept 1st, 2022, the company entered into an inventory finance / line of credit agreement with it's manufacturing factory in exchange for equity in the company. The line of credit accrues 1% interest per month on the amount of inventory received until it is paid for.

Creditor: Shopify Capital

Amount Owed: \$150,000

Interest Rate: \$9,000 fee, paid in 2022

In December of 2022, the company entered into a \$150,000 working capital loan agreement with Shopify Capital. Shopify Capital deducts 17% of daily sales through the company's shopify webstore to repay the loan balance. The outstanding balance as of December 31, 2022 is \$150,000.

Creditor: SBA PPP Loan

Amount Owed: \$1,150.00

Interest Rate: 1.0%

Maturity Date: Dec. 31, 2023

## **DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES**

Our directors and executive officers as of the date hereof, are as follows:

Name: Phillip LaBonty

Phillip LaBonty's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

Position: CEO, Director, & Board Member

Dates of Service: August, 2015 - Present

Responsibilities: The CEO's responsibilities are to create the CycleBoard brand and products and to manage day-to-day operations. The CEO is intimately involved in all areas of the business and oversees, guides and manages all product design and development activities, as well as manufacturing, operations, sales and marketing. Phillip LaBonty's salary is \$180,000 annually and his equity ownership is 74.85%.

### **PRINCIPAL SECURITY HOLDERS**

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2022, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of the current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

Title of class: Common Stock

Stockholder Name: Phillip M LaBonty

Amount and nature of Beneficial ownership: 1,393,653

Percent of class: 74.85%

Title of class: Common Stock

Stockholder Name: HL Corp (USA)

Amount and nature of Beneficial ownership: 288,195

Percent of class: 15.18%

Title of class: Common Stock

Stockholder Name: Start Engine

Amount and nature of Beneficial ownership: 1,566

Percent of class: .08%

Title of class: Common Stock

Stockholder Name: Start Engine Investors

Amount and nature of Beneficial ownership: 87,980

Percent of class: 4.63%

Title of class: Common Stock

Stockholder Name: Ron Millar

Amount and nature of Beneficial ownership: 50,085

Percent of class: 2.63%

Title of class: Common Stock  
Stockholder Name: April Smith  
Amount and nature of Beneficial ownership: 50,085  
Percent of class: 2.63%

## **RELATED PARTY TRANSACTIONS**

Creditor: HL USA  
Amount Owed: \$550,000.00  
Interest Rate: 1%/month on Inventory received  
On Sept 1st, 2022, the company entered into an inventory finance / line of credit agreement with its manufacturing factory in exchange for equity in the company. The line of credit accrues 1% interest per month on the amount of inventory received until it is paid for.

## **OUR SECURITIES**

The company has authorized Common Stock, and Series Seed Preferred Stock. As part of the Regulation Crowdfunding raise, the Company will be offering up to 147,179 of Common Stock.

### **Common Stock**

The amount of security authorized is 10,000,000 with a total of 1,898,882 outstanding.

### **Voting Rights**

1 vote per share

### **Material Rights**

### **Voting Rights of Securities Sold in this Offering**

Voting Proxy. Each Subscriber shall appoint the Chief Executive Officer of the Company (the "CEO"), or his or her successor, as the Subscriber's true and lawful proxy and attorney, with the power to act alone and with full power of substitution, to, consistent with this instrument and on behalf of the Subscriber, (i) vote all Securities, (ii) give and receive notices and communications, (iii) execute any instrument or document that the CEO determines is necessary or appropriate in the exercise of its authority under this instrument, and (iv) take all actions necessary or appropriate in the judgment of the CEO for the accomplishment of the foregoing. The proxy and power granted by the Subscriber pursuant to this Section are coupled with an interest. Such proxy and power will be irrevocable. The proxy and power, so long as the Subscriber is an individual, will survive the death, incompetency and disability of the Subscriber and, so long as the Subscriber is an entity, will survive the merger or reorganization of the Subscriber or any other entity holding the Securities. However, the Proxy will terminate upon the closing of a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 covering the offer and sale of Common Stock or the effectiveness of a registration statement under the Securities Exchange Act of 1934 covering the Common Stock.

### **Series Seed Preferred Stock**

The amount of security authorized is 1,000,000 with a total of 0 outstanding.

### **Voting Rights**

1 vote per share

### **Material Rights**

The Series Seed Preferred Stock has specific rights, preferences, powers, privileges and restrictions, qualifications and limitations and can be found in Section B of the Certificate of Incorporation attached in Exhibit F.

### **What it means to be a minority holder**

As a minority holder you will have limited ability, if at all, to influence our policies or any other corporate matter, including the election of directors, changes to our company's governance documents, additional issuances of securities, company repurchases of securities, a sale of the company or of assets of the company or transactions with related parties.

### **Dilution**

Investors should understand the potential for dilution. The investor's stake in a company could be diluted due to the company issuing additional shares. In other words, when the company issues more shares, the percentage of the company that you own will decrease, even though the value of the company may increase. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible notes, preferred shares or warrants) into stock.

If we decide to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if we offer dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings.

If you are making an investment expecting to own a certain percentage of the company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

### **RISK FACTORS**

**Uncertain Risk** An investment in the Company (also referred to as "we", "us", "our", or "Company") involves a high degree of risk and should only be considered by those who can afford the loss of their entire investment. Furthermore, the purchase of any of the securities should only be undertaken by persons whose financial resources are sufficient to enable them to indefinitely retain an illiquid investment. Each investor in the Company should consider all of the information provided to such potential investor regarding the Company as well as the following risk factors, in addition to the other information listed in the Company's Form C. The following risk factors are not intended, and shall not be deemed to be, a complete description of the commercial and other risks inherent in the investment in the Company. Our business projections are only projections. There can be no assurance that the Company will meet our projections. There can be no assurance that the Company will be able to find sufficient demand for our

product, that people think it's a better option than a competing product, or that we will be able to provide the service at a level that allows the Company to make a profit and still attract business. Any valuation at this stage is difficult to assess. The valuation for the offering was established by the Company. Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk overpaying for your investment. The transferability of the Securities you are buying is limited. Any securities purchased through this crowdfunding campaign are subject to SEC limitations of transfer. This means that the stock/note that you purchase cannot be resold for a period of one year. The exception to this rule is if you are transferring the stock back to the Company, to an "accredited investor," as part of an offering registered with the Commission, to a member of your family, trust created for the benefit of your family, or in connection with your death or divorce. Your investment could be illiquid for a long time. You should be prepared to hold this investment for several years or longer. For the 12 months following your investment there will be restrictions on how you can resell the securities you receive. More importantly, there is no established market for these securities and there may never be one. As a result, if you decide to sell these securities in the future, you may not be able to find a buyer. The Company may be acquired by an existing player in the educational software development industry. However, that may never happen or it may happen at a price that results in you losing money on this investment. Terms of subsequent financings may adversely impact your investment. We will likely need to engage in common equity, debt, or preferred stock financings in the future, which may reduce the value of your investment in the Common Stock. Interest on debt securities could increase costs and negatively impact operating results. Preferred stock could be issued in series from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of Common Stock. In addition, if we need to raise more equity capital from the sale of Common Stock, institutional or other investors may negotiate terms that are likely to be more favorable than the terms of your investment, and possibly a lower purchase price per share.

**Projections:**

**Forward Looking Information** Any projections or forward looking statements regarding our anticipated financial or operational performance are hypothetical and are based on management's best estimate of the probable results of our operations and will not have been reviewed by our independent accountants. These projections will be based on assumptions which management believes are reasonable. Some assumptions invariably will not materialize due to unanticipated events and circumstances beyond management's control. Therefore, actual results of operations will vary from such projections, and such variances may be material. Any projected results cannot be guaranteed. We are reliant on one main type of service. All of our current products are variants of one type of product, building and selling electric scooters. Our revenues are therefore dependent upon the market for electric scooters.

**Minority Holder;**

**Securities with Voting Rights** The common stock that an investor is buying has voting rights attached to them. However, you will be part of the minority shareholders of the Company and have agreed to appoint the Chief Executive Officer of the Company (the "CEO"), or his or her successor, as your voting proxy. You are trusting in management discretion in making good business decisions that will grow your investments. Furthermore, in the event of a liquidation of our company, you will only be paid out if there is any cash remaining after all of the creditors of our company have been paid out. You are trusting that management will make the best decision for the company. You are trusting in management discretion. You are buying securities as a minority holder, and therefore must trust the management of the Company to make good business decisions that grow your investment. This offering involves "rolling closings," which may mean that earlier investors may not have the benefit of information that later investors have.

Once we meet our target amount for this offering, we may request that StartEngine instruct the escrow agent to disburse offering funds to us. At that point, investors whose subscription agreements have been accepted will become our investors. All early-stage companies are subject to a number of risks and uncertainties, and it is not uncommon for material changes to be made to the offering terms, or to companies' businesses, plans or prospects, sometimes on short notice. When such changes happen during the course of an offering, we must file an amended to our Form C with the SEC, and investors whose subscriptions have not yet been accepted will have the right to withdraw their subscriptions and get their money back. Investors whose subscriptions have already been accepted, however, will already be our investors and will have no such right. Our new product could fail to achieve the sales projections we expected. Our growth projections are based on an assumption that with an increased advertising and marketing budget our products will be able to gain traction in the marketplace at a faster rate than our current products have. It is possible that our new products will fail to gain market acceptance for any number of reasons. If the new products fail to achieve significant sales and acceptance in the marketplace, this could materially and adversely impact the value of your investment. We face significant market competition. We will compete with larger, established companies who currently have products on the market and/or various respective product development programs. They may have much better financial means and marketing/sales and human resources than us. They may succeed in developing and marketing competing equivalent products earlier than us, or superior products than those developed by us. There can be no assurance that competitors will render our technology or products obsolete or that the products developed by us will be preferred to any existing or newly developed technologies. It should further be assumed that competition will intensify. We are competing against other recreational activities. Although we are a unique company that caters to a select market, we do compete against other recreational activities. Our business growth depends on the market interest in the Company over other activities. We are an early stage company and have not yet generated any profits. CycleBoard was formed on 9/2015. Accordingly, the Company has a limited history upon which an evaluation of its performance and future prospects can be made. Our current and proposed operations are subject to all business risks associated with new enterprises. These include likely fluctuations in operating results as the Company reacts to developments in its market, managing its growth and the entry of competitors into the market. We will only be able to pay dividends on any shares once our directors determine that we are financially able to do so. CycleBoard has incurred a net loss and has had limited revenues generated since inception. There is no assurance that we will be profitable in the next 3 years or generate sufficient revenues to pay dividends to the holders of the shares. We have existing patents that we might not be able to protect properly. One of the Company's most valuable assets is its intellectual property. The Company owns 3 patents as well as various trade secrets. We believe one of the most valuable components of the Company is our intellectual property portfolio. Due to the value, competitors may misappropriate or violate the rights owned by the Company. The Company intends to continue to protect its intellectual property portfolio from such violations. It is important to note that unforeseeable costs associated with such practices may invade the capital of the Company. Our trademarks, copyrights and other intellectual property could be unenforceable or ineffective. Intellectual property is a complex field of law in which few things are certain. It is possible that competitors will be able to design around our intellectual property, find prior art to invalidate it, or render the patents unenforceable through some other mechanism. If competitors are able to bypass our trademark and copyright protection without obtaining a sublicense, it is likely that the Company's value will be materially and adversely impacted. This could also impair the Company's ability to compete in the marketplace. Moreover, if our trademarks and copyrights are deemed unenforceable, the

Company will almost certainly lose any potential revenue it might be able to raise by entering into sublicenses. This would cut off a significant potential revenue stream for the Company. The cost of enforcing our trademarks and copyrights could prevent us from enforcing them. Trademark and copyright litigation has become extremely expensive. Even if we believe that a competitor is infringing on one or more of our patents, we might choose not to file suit because we lack the cash to successfully prosecute a multi-year litigation with an uncertain outcome; or because we believe that the cost of enforcing our trademark(s) or copyright(s) outweighs the value of winning the suit in light of the risks and consequences of losing it; or for some other reason. Choosing not to enforce our trademark(s) or copyright(s) could have adverse consequences for the Company, including undermining the credibility of our intellectual property, reducing our ability to enter into sublicenses, and weakening our attempts to prevent competitors from entering the market. As a result, if we are unable to enforce our trademark(s) or copyright(s) because of the cost of enforcement, your investment in the Company could be significantly and adversely affected. The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business. To be successful, the Company requires capable people to run its day to day operations. As the Company grows, it will need to attract and hire additional employees in sales, marketing, design, development, operations, finance, legal, human resources and other areas. Depending on the economic environment and the Company's performance, we may not be able to locate or attract qualified individuals for such positions when we need them. We may also make hiring mistakes, which can be costly in terms of resources spent in recruiting, hiring and investing in the incorrect individual and in the time delay in locating the right employee fit. If we are unable to attract, hire and retain the right talent or make too many hiring mistakes, it is likely our business will suffer from not having the right employees in the right positions at the right time. This would likely adversely impact the value of your investment. Our ability to sell our product or service is dependent on outside government regulation which can be subject to change at any time. Our ability to sell product is dependent on the outside government regulation such as the FDA (Food and Drug Administration), FTC (Federal Trade Commission) and other relevant government laws and regulations. The laws and regulations concerning the selling of product may be subject to change and if they do then the selling of product may no longer be in the best interest of the Company. At such point the Company may no longer want to sell product and therefore your investment in the Company may be affected. We rely on third parties to provide services essential to the success of our business. We rely on third parties to provide a variety of essential business functions for us, including manufacturing, shipping, accounting, legal work, public relations, advertising, retailing, and distribution. It is possible that some of these third parties will fail to perform their services or will perform them in an unacceptable manner. It is possible that we will experience delays, defects, errors, or other problems with their work that will materially impact our operations and we may have little or no recourse to recover damages for these losses. A disruption in these key or other suppliers' operations could materially and adversely affect our business. As a result, your investment could be adversely impacted by our reliance on third parties and their performance. Our patents and other intellectual property could be unenforceable or ineffective. One of the Company's most valuable assets is its intellectual property. We currently hold 3 issued patents as well as a portfolio of designs and engineering drawings and we believe these are the most valuable components of our intellectual property and that much of the Company's current value depends on the strength of these patents. The Company intends to continue to file additional patent applications and build its intellectual property portfolio as we discover new technologies related to our products and the market that we are in. Intellectual property is a complex field of law in which few things are certain. It is



possible that competitors will be able to design around our intellectual property, find prior art to invalidate it, or render the patents unenforceable through some other mechanism. If competitors are able to bypass our patent protection without obtaining a sublicense, it is likely that the Company's value will be materially and adversely impacted. This could also impair the Company's ability to compete in the marketplace. Patents are limited in their impact to the country of issue. The Company currently possesses the rights to one or more issued patents in the United States. Even though these patents have been issued, they can be challenged in a variety of ways such that it is possible that the Company will be competing without enforceable intellectual property protection. There could be other patents or intellectual property in existence that we could be infringing on. Because our product is a mechanical device, there is a large body of prior art disclosing devices similar to ours. Although we have yet to find a patent upon which we believe our products infringe, such a patent could exist either in the United States or abroad. Moreover, it is possible that the holders of patents for other devices that are similar to our product will sue for infringement even if our products do not infringe. It is also possible that we are mistaken in our belief of non-infringement. Because of the inherent uncertainties in patent law and the associated costs of litigation, we may choose to settle these lawsuits instead of litigating them, or we may choose to litigate them. A settlement will likely have a negative impact on the value of the Company as will a defeat in litigation. Regardless of the outcome, the time we spend addressing patent issues will take away from the time we can spend executing our business strategy. As a result, even if we win an infringement challenge, the Company and your investment may be significantly and adversely affected by the process. If we lose an infringement action, we may be forced to shut down our operating subsidiary, pay past damages and future royalties on our products. Any of these contingencies could significantly and adversely affect the value of your investment in the Company. The cost of enforcing our patents could prevent us from enforcing them. Patent litigation has become extremely expensive. Even if we believe that a competitor is infringing on one or more of our patents, we might choose not to file suit because we lack the cash to successfully prosecute a multi-year litigation with an uncertain outcome; or because we believe that the cost of enforcing our patent(s) outweighs the value of winning the suit in light of the risks and consequences of losing it; or for some other reason. Choosing not to enforce our patent(s) could have adverse consequences for the Company, including undermining the credibility of our intellectual property and weakening our attempts to prevent competitors from entering the market. As a result, if we are unable to enforce our patents because of the cost of enforcement, your investment in the Company could be significantly and adversely affected. Credit might not be available when we need it; issuing more equity to raise working capital may dilute your ownership interest or may not be possible. We anticipate needing access to credit in order to support our working capital requirements as we grow. Although interest rates are low, it is still a difficult environment for obtaining credit on favorable terms. If we cannot obtain credit when we need it, we could be forced to raise additional equity capital, modify our growth plans, or take some other action. Issuing more equity could require bringing on additional investors. Securing these additional investors could require pricing our equity below its current price. If so, your investment could lose value as a result of this additional dilution. In addition, even if the equity is not priced lower, your ownership percentage would be decreased with the addition of more investors. If we are unable to find additional investors willing to provide capital, then it is possible that we will choose to cease our sales activity. In that case, the only asset remaining to generate a return on your investment could be our intellectual property. Even if we are not forced to cease our sales activity, the unavailability of credit could result in the Company performing below expectations, which could adversely impact the value of your investment. There are several potential competitors who are



better positioned than we are to take the majority of the market. The electric scooter industry is well-developed and highly competitive. There are several large and established manufacturers with the engineering talent, economic resources and manufacturing relationships needed to develop a competitive product. Many of these manufacturers also have well-recognized brand names and established international distribution and retail relationships that could enable them to successfully market and sell a competitive product. If these companies are able to design around our intellectual property or render it unenforceable, then they will likely be able to bring a product to market at a lower cost and in more markets than we will be able to. The advantage they will have because of their scale and distribution network could become insurmountable for us. As a result, it is possible that our product could be forced out of the market by larger, more established players. If that occurs without these larger players needing to obtain a sublicense from us, then the value of your investment would be greatly diminished. Our current or future products could have a latent design flaw or manufacturing defect. Although we have done extensive testing on our current products and intend to do similar testing on future products, it is possible that there is a design flaw that will require us to recall all or a significant number of products that we have delivered to customers. Similarly, it is possible that our manufacturer will introduce a defect during the manufacturing process, triggering a recall. A major recall of our products would be expensive and could significantly impact the value of the Company. The nature of the product means there is a high likelihood we will face product liability lawsuits. We sell a product that requires balance, coordination, and skill to use and enables people to propel themselves at relatively high speeds. Thousands of people are injured or killed every year using bicycles, skateboards, scooters, and other devices that are similar to our products. As a result, these industries experience a significant number of product liability lawsuits relating to the safety of their products. As sales and use of our products continue to grow, we expect to face product liability lawsuits from some customers who may be injured while using our products. If our product is shown to be defectively designed or manufactured, then we may be forced to pay significant awards, undertake a costly product recall, and/or redesign the product. These costs could bankrupt our company, which would significantly reduce the value of your investment. We could fail to achieve the growth rate we expect even with additional investments. We expect to generate a significant amount of growth from the investments we will make into increased production and marketing following this offering. However, our marketing efforts may not generate a significant increase in sales volume. If this is the case, we may be forced to cease this additional marketing spend and reduce our growth rate. A slower growth rate will lengthen the time it takes for us to achieve our revenue goals and reduce the value of the Company, thereby reducing the value of your investment. We rely on third parties to provide services essential to the success of our business. We rely on third parties to provide a variety of essential business functions for us, including manufacturing, shipping, website design, accounting, legal work, public relations, and advertising. It is possible that some of these third parties will fail to perform their services or will perform them in an unacceptable manner. It is possible that we will experience delays, defects, errors, or other problems with their work that will materially impact our operations and we may have little or no recourse to recover damages for these losses. In particular, we rely on a single partner based in China to source and assemble our products. A disruption in this partner's operations or at one of our key suppliers could materially and adversely affect our business. As a result, your investment could be adversely impacted by our reliance on third parties and their performance. We are subject to changes in foreign currency exchange rates. We purchase our CycleBoard products from our partner in China. As a result, the price we pay for our products in U.S. dollars depends on the exchange rate between the U.S. dollar and the Chinese Yuan. Over the past several years, this exchange rate has had

material fluctuations and we expect it will continue to fluctuate. If the U.S. dollar becomes significantly weaker compared to the Chinese Yuan, our products will likely cost us more to purchase and adversely impact the economics of our business and your investment. The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business. To be successful, the Company requires capable people to run its day-to-day operations. As the Company grows, it will need to attract and hire additional employees in sales, marketing, engineering, operations, finance, legal, human resources and other areas. Depending on the economic environment and the Company's performance, we may not be able to locate or attract qualified individuals for such positions when we need them. We may also make hiring mistakes, which can be costly in terms of resources spent in recruiting, hiring and investing in the incorrect individual and in the time delay in locating the right employee fit. If we are unable to attract, hire and retain the right talent or make too many hiring mistakes, it is likely our business will suffer from not having the right employees in the right positions at the right time. This would likely adversely impact the value of your investment. Your investment could be illiquid for a long time. You should be prepared to hold this investment for several years or longer. For the 12 months following your investment there will be restrictions on how you can resell the securities you receive. More importantly, there is no established market for these securities and there may never be one. As a result, if you decide to sell these securities in the future, you may not be able to find a buyer. The Company's plan is to be acquired by an existing player in the electric scooter/vehicle industry. However, that may never happen, or it may happen at a price that results in you losing money on this investment. Although an initial public offering is a potential path for the Company, it is not likely. Similarly, we do not expect to issue dividends to investors, even if we are in the position to do so. Instead, we intend to re-invest profits back into the Company in an effort to drive growth. As a result, the most likely path to making a positive return on your investment is through a successful sale of the business. Even if we achieve our revenue plans, it is possible that market conditions will lead us to conclude that a sale is not viable, not in the best interest of the shareholders at that time, or inappropriate for any number of reasons. Because your return on this investment is likely tied to the sale of the Company, there are a wide range of factors that will impact the value of your investment that are out of our control, including, but not limited to, the selling environment, the number of interested purchasers, the perceived value of our brand and our intellectual property, comparable recent sales in our industry and other industries, the cost of capital, and the perceived synergies between our Company and the acquirer.

## **RESTRICTIONS ON TRANSFER**

The common stock sold in the Regulation CF offering, may not be transferred by any purchaser, for a period of one-year beginning when the securities were issued, unless such securities are transferred:

- (1) to the Company;
- (2) to an accredited investor;
- (3) as part of an offering registered with the SEC; or
- (4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar

circumstance.

## **SIGNATURES**

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on May 8, 2023.

**CycleBoard, Inc.**

By /s/ *Philip LaBounty*

Name: CycleBoard, Inc.

Title: CEO

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Exhibit A

## **FINANCIAL STATEMENTS**

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**CYCLEBOARD, INC.**

**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022 AND 2021**  
*(Unaudited)*

## INDEX TO FINANCIAL STATEMENTS

(UNAUDITED)

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
CycleBoard, Inc.  
Costa Mesa, California

We have reviewed the accompanying financial statements of CycleBoard, Inc. (the "Company,"), which comprise the balance sheet as of December 31, 2022 and December 31, 2021, and the related statement of operations, statement of shareholders' equity (deficit), and cash flows for the year ending December 31, 2022 and December 31, 2021, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Set Apart FS

April 10, 2023  
Los Angeles, California

**CYCLEBOARD INC.****BALANCE SHEET****(UNAUDITED)**

As of December 31,	2022		2021	
(USD \$ in Dollars)				
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$	179,265	\$	495,824
Accounts Receivable, net		3,640		-
Inventory		728,667		1,139,622
Total Current Assets		911,572		1,635,446
Property and Equipment, net		3,165		9,496
Total Assets	\$	914,737	\$	1,644,942
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts Payable	\$	535,096	\$	609,660
Credit Cards		490		86,306
Current portion of Long Term Loan		2,237		3,132
Sale of Future Receipt		150,208		245,832
Line of Credit		325,301		1,100,804
Deferred Revenue		136,771		-
Other Current Liabilities		71,713		64,998
Total Current Liabilities		1,221,816		2,110,731
Total Liabilities		1,221,816		2,110,731
STOCKHOLDERS EQUITY				
Common Stock		14		10
Preferred Stock		-		7
Additional Paid in Capital		1,336,674		1,302,846
Retained Earnings/(Accumulated Deficit)		(1,643,767)		(1,768,652)
Total Stockholders' Equity		(307,080)		(465,789)
Total Liabilities and Stockholders' Equity	\$	914,737	\$	1,644,942

*See accompanying notes to financial statements.*

**CYCLEBOARD INC.**  
**STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

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<b>For Fiscal Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
(USD \$ in Dollars)		
Net Revenue	\$ 2,849,429	\$ 3,597,080
Cost of Goods Sold	1,580,066	2,406,975
Gross profit	1,269,363	1,190,104
Operating expenses		
General and Administrative	771,440	739,162
Sales and Marketing	344,043	450,681
Total operating expenses	1,115,483	1,189,843
Operating Income/(Loss)	153,880	261
Interest Expense	28,548	58,400
Other Loss/(Income)	447	49,433
Income/(Loss) before provision for income taxes	124,885	(107,571)
Provision/(Benefit) for income taxes	-	-
<b>Net Income/(Net Loss)</b>	<b>\$ 124,885</b>	<b>\$ (107,571)</b>

*See accompanying notes to financial statements.*



**CYCLEBOARD INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

(in, \$US)	Common Stock		Preferred Stock		Additional Paid In Capital	Retained earnings/ (Accumulated Deficit)	Total Shareholder Equity
	Shares	Amount	Shares	Amount			
Balance—December 31, 2020	990,000	\$ 10	660,000	\$ 7	\$ 997,768	\$ (1,661,082)	\$ (663,297)
Issuance of Stock	59,000	1		-	305,078		305,078
Net income/(loss)						(107,571)	(107,571)
Balance—December 31, 2021	1,049,000	10	660,000	7	1,302,846	\$ (1,768,652)	\$ (465,789)
Repurchase of preferred stock			(660,000)	(7)			(7)
Issuance of Stock	344,653	3	-	-	33,828		33,831
Net income/(loss)						124,885	124,885
Balance—December 31, 2022	1,393,653	\$ 14	-	\$ -	\$ 1,336,674	\$ (1,643,767)	\$ (307,080)

See accompanying notes to financial statements.

**CYCLEBOARD INC.**  
**STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

For Fiscal Year Ended December 31,	2022	2021
(USD \$ in Dollars)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income/(loss)	\$ 124,885	\$ (107,571)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>		
Depreciation of Property	10,834	76,411
Amortization of Intangibles	-	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,640)	4,387
Inventory	410,955	(259,647)
Accounts Payable	(74,564)	296,415
Deferred Revenue	136,771	-
Credit Cards	(85,816)	70,937
Other Current Liabilities	6,715	3,675
<b>Net cash provided/(used) by operating activities</b>	<b>526,142</b>	<b>84,608</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(4,503)	(12,666)
<b>Net cash provided/(used) in investing activities</b>	<b>(4,503)</b>	<b>(12,666)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Sale of Future Receipt	(95,623)	32,938
Line of Credit	(775,503)	(159,196)
Current portion of Long Term Loan	(895)	(818)
Repurchase of preferred stock	(7)	
Proceed from Issuance of Stock	33,831	305,078
<b>Net cash provided/(used) by financing activities</b>	<b>(838,197)</b>	<b>178,003</b>
Change in Cash	(316,559)	249,945
Cash—beginning of year	495,824	245,879
<b>Cash—end of year</b>	<b>\$ 179,265</b>	<b>\$ 495,824</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 28,548	\$ 58,400
Cash paid during the year for income taxes	\$ -	\$ -
<b>OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES</b>		
Purchase of property and equipment not yet paid for	\$ -	\$ -
Issuance of equity in return for note	-	
Issuance of equity in return for accrued payroll and other liabilities		

*See accompanying notes to financial statements.*

# **CYCLEBOARD INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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### **1. NATURE OF OPERATIONS**

CycleBoard Inc. previously known as Cycleboard LLC was formed on April 8, 2015, in the state of California. On April 4, 2019, Cycleboard LLC underwent a conversion from a Californian Limited Liability Company to a Delaware C Corporation called Cycleboard, Inc. The financial statements of CycleBoard Inc. (which may be referred to as the "Company", "we", "us", or "our") are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company's headquarters are located in Costa Mesa, California.

"CycleBoard is a California lifestyle brand building innovative stand-up electric vehicles designed for anyone to ride. Our products are created for the adventurer looking for the best combination of safety and fun. The CycleBoard leverages our patented 3-wheel, lean-to-steer technology and is inspired by Southern California's rugged outdoors, beach, and urban lifestyle." CycleBoard is building premium light personal electric vehicles designed and engineered to reduce the fall risk commonly associated with stand-up riding. Our boards offer superior stability using dual front wheels, a single rear wheel, a stability bar and our patented lean-to-steer system.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). The Company has adopted the calendar year as its basis of reporting.

#### **Use of Estimates**

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include all cash in banks. The Company's cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2022 and December 31, 2021, the Company's cash and cash equivalents exceeded FDIC insured limits by \$0 and \$24,983, respectively.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at a net realizable value or the amount that the Company expects to collect on gross customer trade receivables. We estimate losses on receivables based on known troubled accounts and historical experience of losses incurred. Receivables are considered impaired and written-off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. As of December 31, 2022, and 2021, the Company determined that no reserve was necessary.

**CYCLEBOARD INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**Inventories**

Inventories are valued at the lower cost and net realizable value. Costs related to raw materials and finished goods are determined on a first-in, first-out basis. Specific identification and average cost methods are also used primarily for certain packing materials and operating supplies.

**Property and Equipment**

Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise disposed of, and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Depreciation is computed over the estimated useful lives of the related asset type or term of the operating lease using the straight-line method for financial statement purposes. The estimated service lives for property and equipment are as follows:

<b>Category</b>	<b>Useful Life</b>
Computer and Office Equipment	3-5 years
Tooling	3-5 years

**Impairment of Long-lived Assets**

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

**Income Taxes**

CycleBoard Inc. is a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

**CYCLEBOARD INC.****NOTES TO FINANCIAL STATEMENTS****FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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*Concentration of Credit Risk*

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

**Revenue Recognition**

The Company recognizes revenues in accordance with FASB ASC 606, Revenue from Contracts with Customers, when delivery of goods is the sole performance obligation in its contracts with customers. The Company typically collects payment upon sale and recognizes the revenue when the item has shipped and has fulfilled its sole performance obligation.

Revenue recognition, according to Topic 606, is determined using the following steps:

- 1) Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay, and the contract has commercial substance.
- 2) Identification of performance obligations in the contract: performance obligations consist of a promised in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- 3) Recognition of revenue when, or how, a performance obligation is met: revenues are recognized when or as control of the promised goods or services is transferred to customers.

The company earns revenues from the sale of its brand electric vehicles directly to consumers through its website. The Company currently sells four models in its product lineup optimized for street and all-terrain use.

**Cost of sales**

Costs of goods sold include the cost of goods sold, cost of labor, commissions, distribution services, federal excise tax, freight and delivery, input material and supplies.

**Advertising and Promotion**

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses for the years ended December 31, 2022, and December 31, 2021, amounted to \$344,043 and \$450,681, which is included in sales and marketing expense.

**Fair Value of Financial Instruments**

The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of such instruments).

**CYCLEBOARD INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

**Level 1**—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

**Level 2**—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

**Level 3**—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

**COVID-19**

In March 2021, the outbreak and spread of the COVID-19 virus was classified as a global pandemic by the World Health Organization. This widespread disease impacted the Company's business operations, including its employees, customers, vendors, and communities. The COVID-19 pandemic may continue to impact the Company's business operations and financial operating results, and there is substantial uncertainty in the nature and degree of its continued effects over time. The extent to which the pandemic impacts the business going forward will depend on numerous evolving factors management cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer and business spending on products as well as customers' ability to pay for products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including investments, receivables, and forward-looking guidance.

**Subsequent Events**

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through April 10, 2023, which is the date the financial statements were issued.

**Recently Issued and Adopted Accounting Pronouncements**

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

**3. INVENTORY**

Inventory consists of the following items:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Finished goods	728,667	1,139,622
<b>Total Inventory</b>	<b>\$ 728,667</b>	<b>\$ 1,139,622</b>



**CYCLEBOARD INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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#### 4. PROPERTY AND EQUIPMENT

As of December 31, 2022, and December 31, 2021, property and equipment consists of:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Computer Equipment	\$ 11,731	\$ 11,731
Office Furniture	920	920
Tooling	251,776	247,273
<b>Property and Equipment, at Cost</b>	<b>264,427</b>	<b>259,924</b>
Accumulated depreciation	(261,262)	(250,428)
<b>Property and Equipment, Net</b>	<b>\$ 3,165</b>	<b>\$ 9,496</b>

Depreciation expenses for property and equipment for the fiscal year ended December 31, 2022, and 2021 were in the amount of \$10,834 and \$76,411 respectively.

#### 5. CAPITALIZATION AND EQUITY TRANSACTIONS

##### Common Stock

The Company's authorized share capital consisted of 10,000,000 of Common Stock with a par value of \$ 0.00001. As of December 31, 2022, and December 31, 2021, 1,393,653 shares and 1,049,000 shares of Common Stock were issued and are outstanding, respectively.

##### Preferred Stock

The Company's authorized Preferred Share capital consisting of 1,000,000 shares of Preferred Stock with a par value of \$0.00001. As of December 31, 2022, and December 31, 2021, 0 and 660,000 shares of Preferred Shares were issued and are outstanding, respectively.

#### 6. DEBT

##### Promissory Notes & Loans

During the years presented, the Company entered into PPP loan agreement. Terms and conditions are as follows:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	Maturity Date	For the Year Ended December 2022			For the Year Ended December 2021		
					Current Portion	Non-Current Portion	Total Indebtedness	Current Portion	Non-Current Portion	Total Indebtedness
PPP loan	\$ 10,000	1.00%	Fiscal Year 2020	4/16/2022	\$ 2,237	\$ -	\$ 2,237	\$ 3,132	\$ -	\$ 3,132
<b>Total</b>					<b>\$ 2,237</b>	<b>\$ -</b>	<b>\$ 2,237</b>	<b>\$ 3,132</b>	<b>\$ -</b>	<b>\$ 3,132</b>

**CYCLEBOARD INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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The summary of the future maturities is as follows:

**As of Year Ended December 31, 2022**

2023	\$	2,237
2024		-
2025		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>2,237</b>

**Line of Credit**

On March 12, 2018, the Company received a line of credit in the amount of \$ 335,000 from investor. Brent Overfelt. The line of credit bears an interest rate of 1% and has flexible repayment schedule. As of December 31, 2022, and December 31, 2021, the outstanding per line of credit is \$325,301 and \$335,000, respectively.

On March 12, 2018, the Company received a line of credit in the amount of \$925,000 from investor Steve Olson. The line of credit bears an interest rate of 1% and has flexible repayment schedule. As of December 31, 2022, and December 31, 2021, the outstanding per line of credit is \$0 and \$765,804, respectively.

**Forward Financing**

In 2022, the Company entered into a Shopify Capital Agreement in the amount of \$159,000. It bears a remittance rate of 17%. The lender provides the Company with the advance amount in exchange for sale of receivables to the lender. As of December 31, 2022 and December 31, 2021, the outstanding balance of this kind of financing is in the amount of \$150,208 and \$0, and entire amount is classified as the current portion.

In 2020, the Company entered into a finance agreement with Clear Finance Technology Corp. in the amount of \$106,156. It bears a fixed transaction fee amount of \$6,369. The lender provides the company with the advance amount in exchange for the sale of receivables to the lender. As of December 31, 2022, and December 31, 2021, the outstanding balance of this kind of financing is in the amount of \$0 and 245,832, and entire amount is classified as the current portion.



**CYCLEBOARD INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**7. INCOME TAXES**

Income tax expense (benefit) from continuing operations was as follows:

	December 31, 2022	December 31, 2021
Current:		
Federal, state, and local	\$ -	\$ -
Total Tax Expense/(Benefit)	\$ -	\$ -
Deferred		
Federal, state, and local	\$ 45,472	\$ (17,444)
Total Deferred Tax Expense/(Benefit)	\$ 45,472	\$ (17,444)
Valuation Allowance	(45,472)	17,444
Net Tax Provision	\$ -	\$ -

Deferred tax assets (liabilities) comprised the following:

	December 31, 2022	December 31, 2021
Net Operating Loss	\$ 114,318	\$ 159,790
Valuation Allowance	\$ (114,318)	\$ (159,790)
<b>Net Deferred Tax Assets</b>	<b>\$ -</b>	<b>\$ -</b>

The cumulative NOLs are \$383,103 as of December 31, 2022.

**8. RELATED PARTY**

On March 12, 2018, the Company received a line of credit in the amount of \$ 335,000 from investor, Brent Overfelt. The line of credit bears an interest rate of 1% and has flexible repayment schedule. As of December 31, 2022, and December 31, 2021, the outstanding per line of credit is \$325,301 and \$335,000, respectively.

**9. COMMITMENTS AND CONTINGENCIES**

**Contingencies**

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

**Litigation and Claims**

Cycleboard, Inc. has a pending civil litigation lawsuit in the San Diego Superior Court, Case No. 37-2022-00039244-CU-PL-CTL captioned as Evalle Gopez v. Cycleboard, Inc. At present, there is insufficient information to make an estimate regarding the impact of the court decision on the company's operations.

**CYCLEBOARD INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**10. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events for the period from December 31, 2022, through April 10, 2023, which is the date the financial statements were available to be issued.

There have been no other events or transactions during this time which would have a material effect on these financial statements.

## CERTIFICATION

I, Philip LaBounty, Principal Executive Officer of CycleBoard, Inc., hereby certify that the financial statements of CycleBoard, Inc. included in this Report are true and complete in all material respects.

*Philip LaBounty*

CEO